

IRON



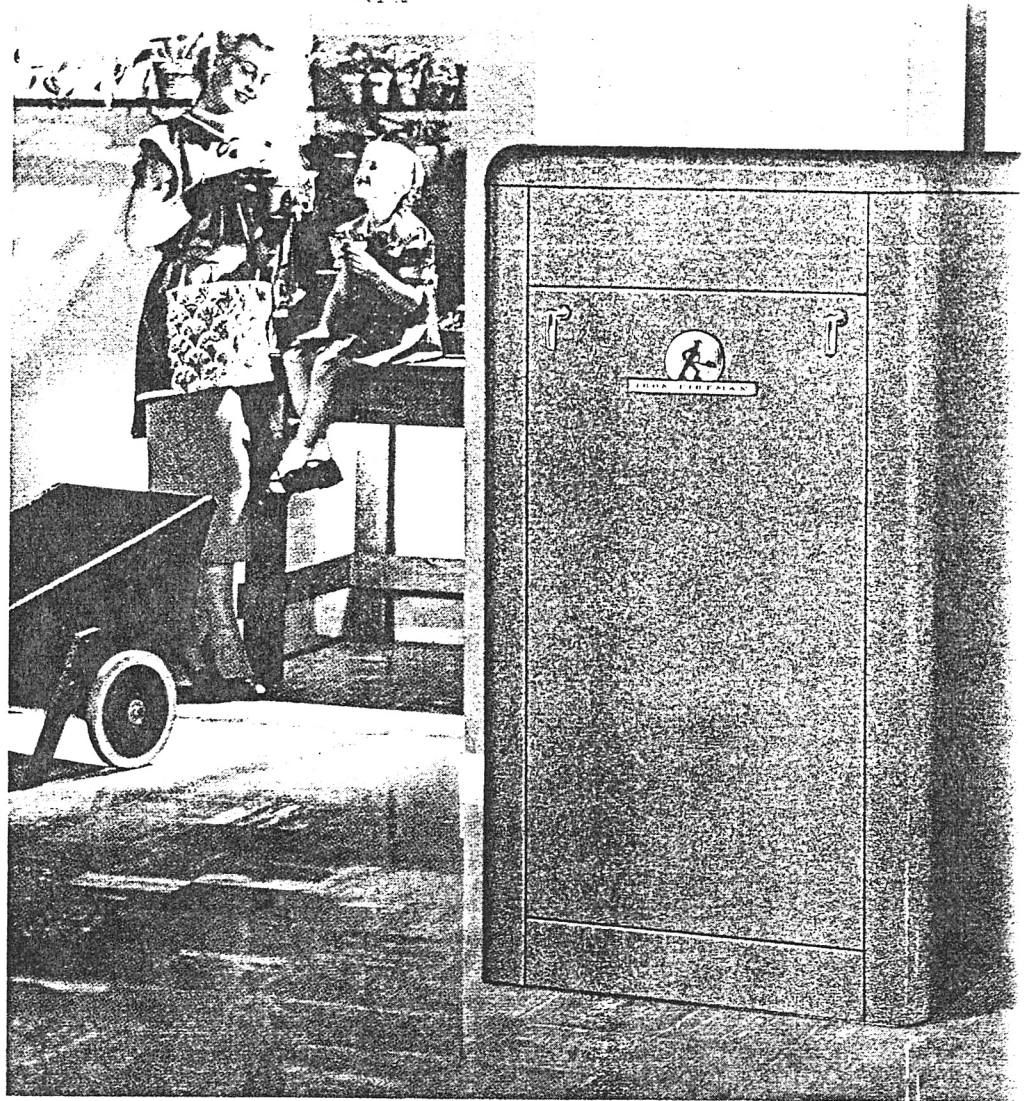
FIREMAN

*Gas
Oil
Coal*

HEATING AND
POWER EQUIPMENT

27th Annual Report 191

Iron Fireman heating equipment serves all types of homes, from very small to very large, with all types of heating systems, for any kind of fuel.



**AN ANALYSIS OF OPERATIONS
OF THE IRON FIREMAN
MANUFACTURING COMPANY
FOR THE YEAR 1952**

27th
Annual
Report





Iron Fireman oil burner motors have practically eliminated motor service problems. Outstanding features are permanently lubricated ball bearings which never require oiling, and a starting switch of exclusive Iron Fireman design. At left is motor

assembly section of Electronics Division. At right, precision lathes at work on Vertical Gyros for jet planes, which work to tolerances of one ten thousandths of an inch.

To the stockholders

BY WILLIAM J. O'NEIL

*Chairman of the Board and
Chief Executive Officer*

Iron Fireman operations in 1952 resulted in a net profit of \$378,560.35. This is equivalent to \$1.05 per share on the common stock outstanding and represents a return of 1.9% on the sales dollar.

Total sales of both civilian and defense products were \$20,311,569.00 which is up 16.3% over 1951. Heating equipment sales continued the downward trend and were slightly below 1951, but this was more than offset by substantial gains in the sale of defense products.

This has been a difficult year and one in which profits from operations have not measured up to expectations even though sales volume in certain lines has been high. Government regulations in a measure have influenced the final results. Throughout this report are presented the important transactions of the year which in the opinion of your management affected earnings and which may have an important bearing on future operations.

Heating Equipment Operations — Cleveland

Prices of our line of heating and power equipment have been frozen since 1950, although labor costs and the cost of some materials have increased sharply in line with the national trend following the cost-of-living formula. It has been necessary to absorb these increased costs in the normal operating margin. There are some products on which we can increase prices and profits if price relief applications are granted, or if controls are removed or relaxed.

During the year, we absorbed approximately \$230,000 in premium prices paid for conversion steel. It was necessary to purchase this steel at prevailing O.P.S. prices from a hand mill in order to secure a sufficient quantity to maintain assembly lines and to satisfy the demands of our dealers and customers. Informed sources in the steel industry

predict that the shortage of steel is now easing and with the relaxation in restrictions of the Controlled Materials Plan, this condition should be nonrecurring.

As we have discussed in previous annual reports, the nature of our business has been changing constantly. Our plants, production facilities, and organization were originally built around the stoker business, which has been diminishing, particularly in the residential field, due to the inroads of gas and oil. The transition presents new problems each year, but we have endeavored to keep ahead of the trend. Our stockholders must realize however that the oil and gas fired heating equipment business is very competitive and profit margins are narrower than in the stoker business.

One of our most significant accomplishments toward improving our competitive position has been the acquisition on June 2, 1952, of the heating and combustion equipment business of the Petroleum Heat and Power Company of Stamford, Connecticut, the products of which are sold under the trade name "Petro." Annual Petro sales over the past several years have averaged \$4,271,521. This volume combined with Iron Fireman equipment will make us one of the largest manufacturers in the world of oil burning equipment. Under the terms of the purchase agreement, we have exclusive right to

manufacture and advertise under the Petro name, in return for which we have purchased at market price the usable inventory of parts and finished products, plus a nominal sum paid for the jigs, tools, and dies used in the manufacture of this equipment.

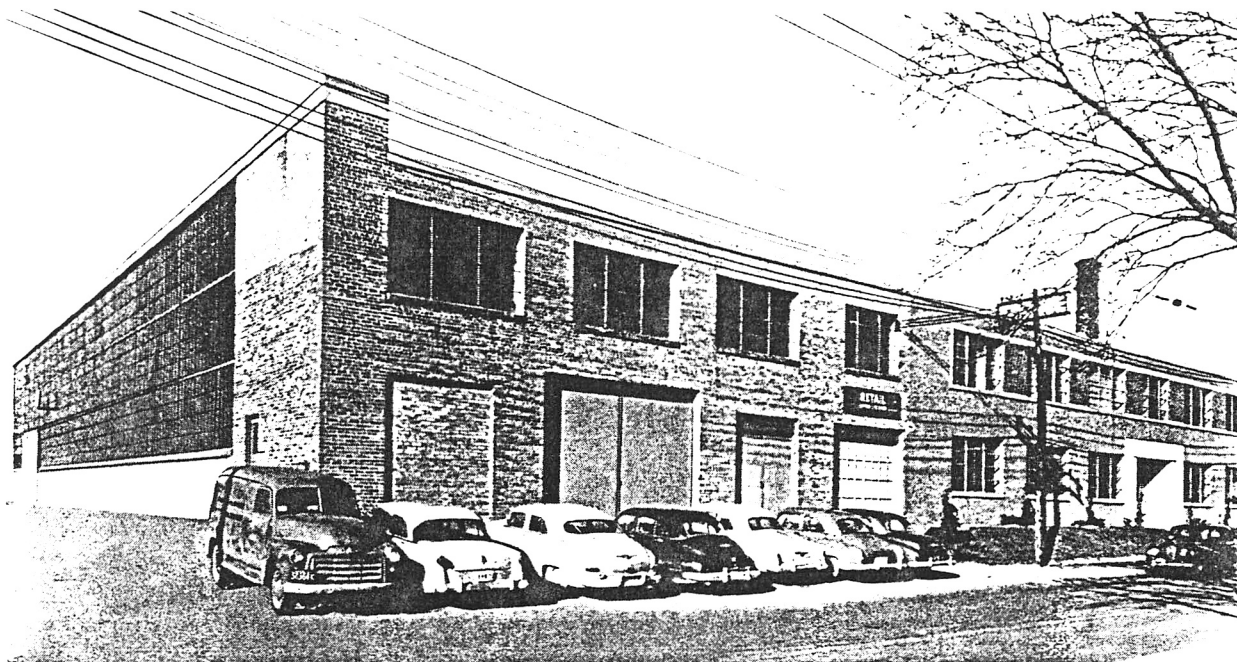
The "Petro" line has been manufactured since 1903, and this year will celebrate its fiftieth anniversary. Its products cover the full range of oil fired heating and power equipment. The name "Petro" is accorded wide acceptance by architects, engineers, heating contractors, and users.

In addition to purchasing the "Petro" product line, we have acquired and retained a major portion of its field sales and engineering staff and have gained an outstanding distribution organization. Among the firms handling "Petro" were 240 wholesalers and 12 factory-owned branches, which sold equipment at wholesale. The majority of these firms are business leaders in their respective communities. They serve thousands of dealers over the United States and Canada. It is our intention to continue manufacturing the "Petro" line in our Cleveland plant for distribution in the United States through these same wholesale channels.

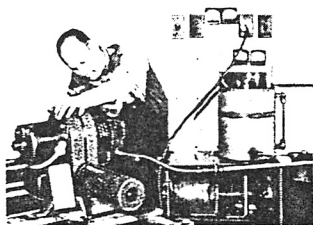
The purchase of "Petro" has affected adversely our 1952 operations because of the many expenses

Frank S. Hecox, Vice President, and Wayne Strong, Electronics Division Manager, watch testing operation on Vertical Gyro. In addition to making Iron Fireman electrical equipment, the Electronics Division is producing a variety of important instruments for the Air Force.





WE TEST
NOT GUESS



In 1947 Canadian production was taken over by the new plant in Toronto, substantially improving our production facilities. In 1952 this plant was greatly enlarged by a new wing, which comprises the left half of the building shown above. The Canadian operation has had a steady growth under the direction of J. M. Mackay, who is now Vice President and General Manager of Canadian subsidiary.

This scene in the Toronto plant shows an Iron Fireman M-2 oil burner at the end of the production line, where it is undergoing a series of thorough tests and final adjustments.

required to move a sizable manufacturing operation from Stamford into the Cleveland plant. The transfer is now an accomplished fact. The unusual expenses have been absorbed in 1952 operations and the "Petro" product is now being manufactured in the normal processes through the plant. In acquiring "Petro" we have provided this Cleveland plant with a substantial volume of man hours of work to help carry fixed overhead expense. Also, it will enable us to utilize the productive facilities of the plant at a much higher capacity.

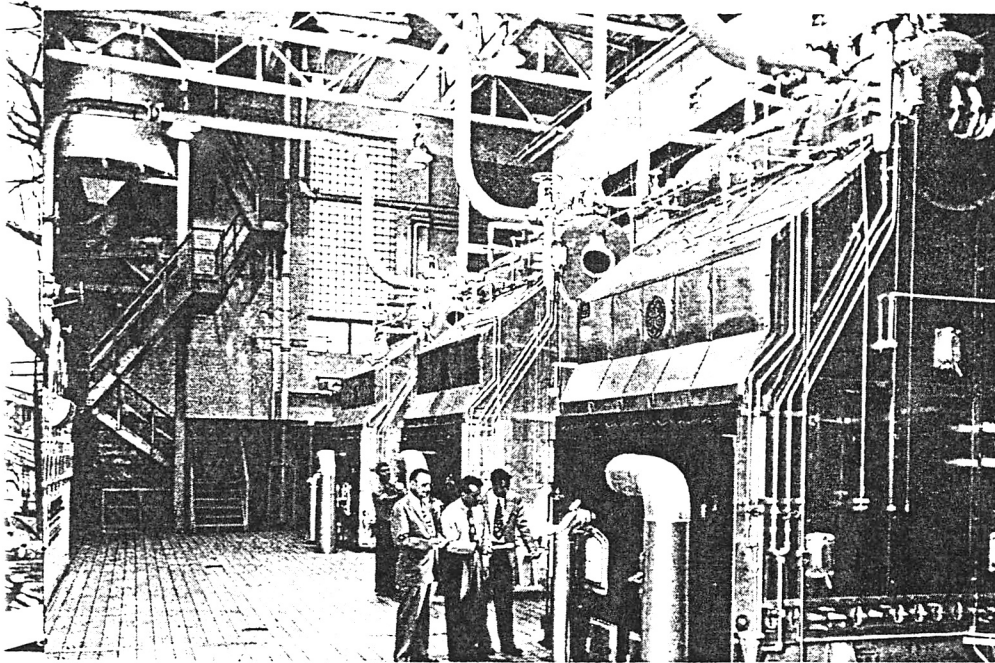
Plant 1 — Portland

Throughout the year this plant has continued to work with the Boeing Airplane Company as one of its principal suppliers of fabricated and machined parts. It contributed substantially to our 1952 net profit and carries forward into 1953 a substantial

backlog of orders. This original Iron Fireman plant has retained many of its long-time employees who have transferred their skill in making stokers to the machining of aircraft parts. The plant is well equipped with machine tools and facilities are being operated at near capacity.

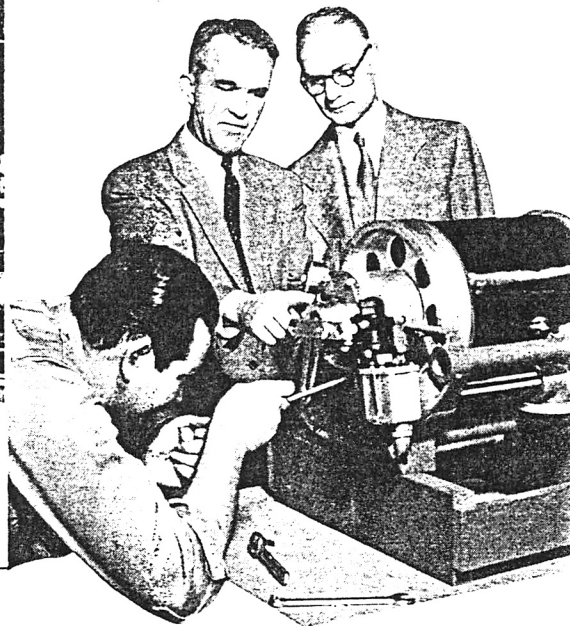
Electronics Division — Portland (Formerly Heat Control Division)

On January 1, 1953, the name of this plant was changed to the Electronics Division to properly reflect the type of work which is being carried on from both a development and production standpoint. This plant has for years made the majority of the electrical controls and motors used with our standard line of heating equipment, but has recently expanded its activities and facilities into the electronics field in manufacturing component parts and finished units under several "classified" Air Force contracts. The volume of this work has grown rapidly and a substantial backlog of orders is being carried forward into 1953. The Electronics Division also contributed substantially to the company's earnings in 1952.



This is one of the finest stoker installations in the United States. Iron Fireman Pneumatic Spreaders feed coal automatically from underground storage bunkers in the central steam plant of the Nela Park Division of General Electric, Cleveland.

T. L. Bryant and Frank S. Hecox inspect the first unit of the Boeing cargo hoist to be built by Iron Fireman. This is a finely machined and powerful electric winch used in the Boeing C-97 cargo plane—the work horse of the Air Force. Mr. Bryant is manager of Portland Plant 1, where the hoist is manufactured.



Canadian Operations

Your Board of Directors met in Toronto last October for the regular quarterly meeting and to inspect Canadian operations and plant facilities. This visit coincided with the opening of a new addition to the plant which will increase productive capacity by 30%. This modern building, which was originally constructed in 1947, houses both the manufacturing and retail organizations. It is well situated and planned so as to expand in the future with the growth of the Canadian economy.

Over the years the Canadian organization has become increasingly important to the company's combined operations. This has been due to the spirit of teamwork which exists throughout the organization and the excellent labor-management relations which exist at the plant.

It is now established that natural gas will be available this year for residential consumption in the provinces of Saskatchewan, Alberta, and in southwestern Ontario. This will result in an upward surge in the demand for gas fired heating equipment. This fact combined with the manufacture of

"Petro" products at the Toronto plant for distribution in Canada, will provide this plant with sufficient work to utilize the full plant capacity.

Retail Branches

For a number of years we have maintained retail branch offices in the six principal cities listed in the directory at the back of this report. These branches, under the direction of experienced and qualified managers, operate both at retail and at wholesale covering the small towns in the surrounding trading area. As a group these retail branches not only contribute in a good measure to the company profits, but are a valuable source of market information on new products, sales plans, and procedures.

Dividends

During 1952, stockholders were paid four quarterly dividends totaling 70c per share. Since 1933, the company has had a record of 76 consecutive quarterly dividends and 3 special dividends. A detailed dividend statement is recorded on pages 10-11 of this report.

At the Annual Meeting on February 20, 1953, the Board of Directors declared a quarterly dividend of 15c per share, payable on March 16, 1953 to stockholders of record March 2, 1953.

Financial Statements

The financial statements of the company, together with the certificate of our independent public accountants, are included in this report. These data, with the accompanying charts and remarks, outline the results of our operations for 1952.

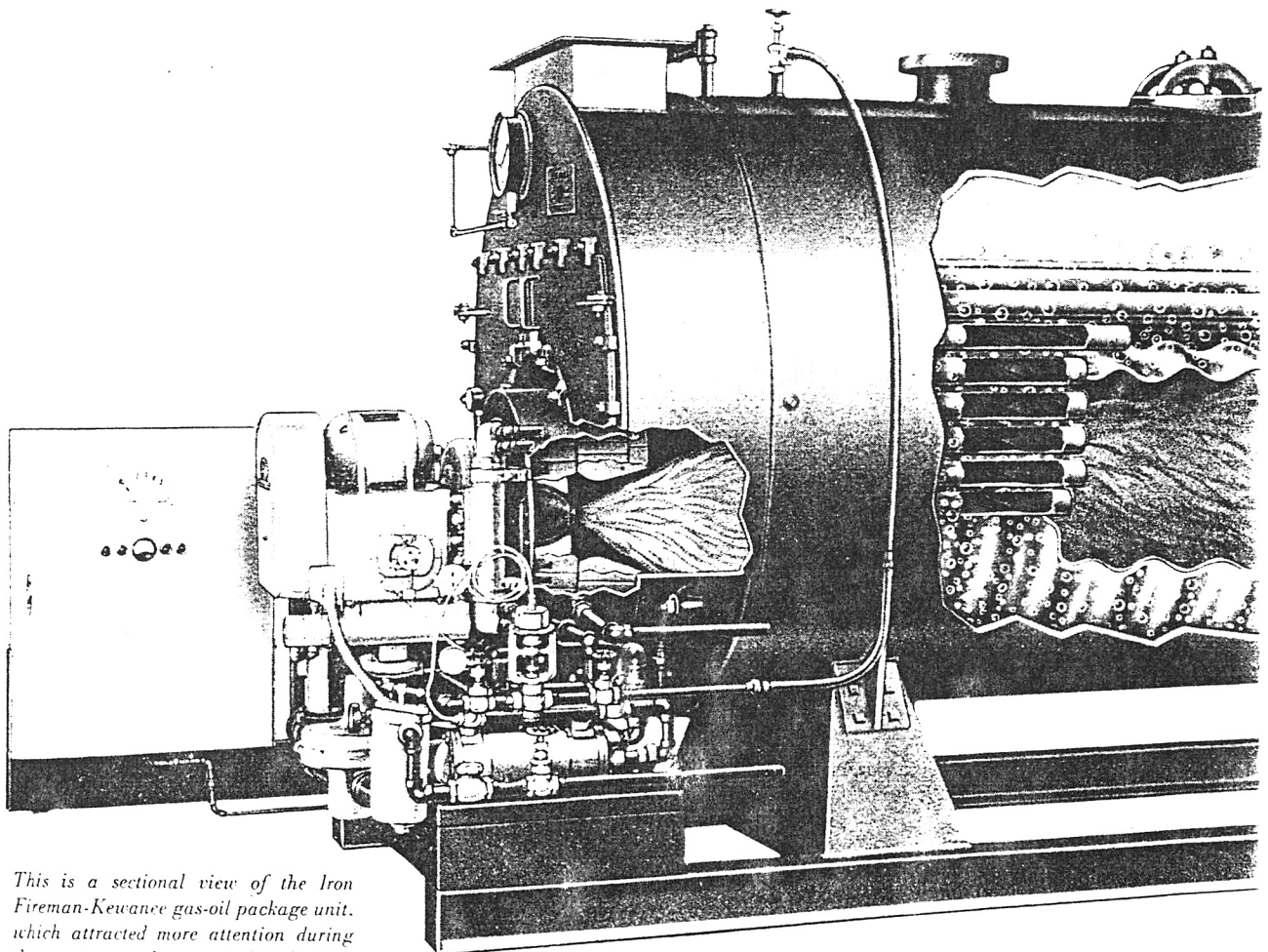
Summary

As stated at the outset, the financial results of 1952 have not measured up to expectations. The major factors which contributed to this problem

have been discussed in this letter and throughout the remainder of the report, so that you as stockholders might analyze the year's operations. The management of the company firmly believes that despite reduced earnings in 1952 long-range progress has been made, and in consequence of the close attention which is being directed to all activities of the company, an improvement should flow from 1953 operations.

W. J. O'Neil

Chairman of the Board.



This is a sectional view of the Iron Fireman-Kewanee gas-oil package unit, which attracted more attention during the past year than any other development in the industry.

A look at our *Product Line*

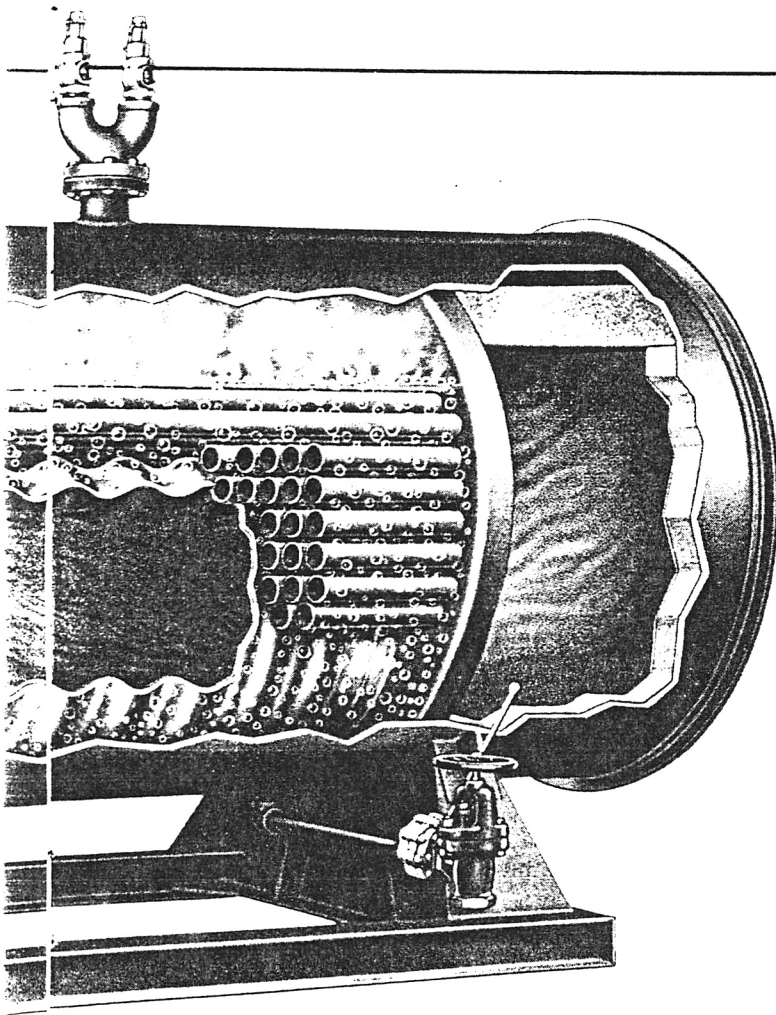
The "Package" Unit

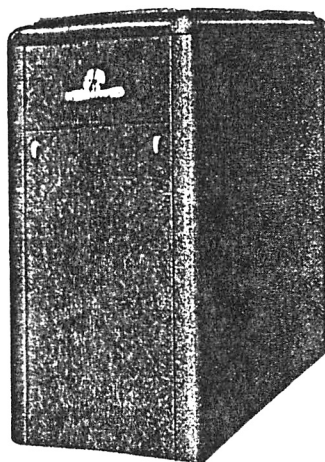
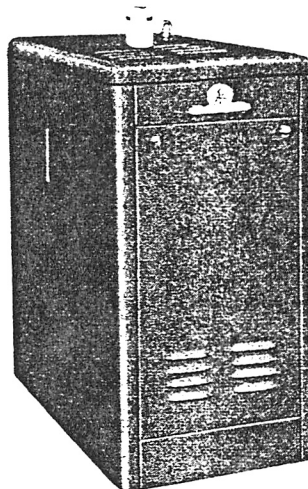
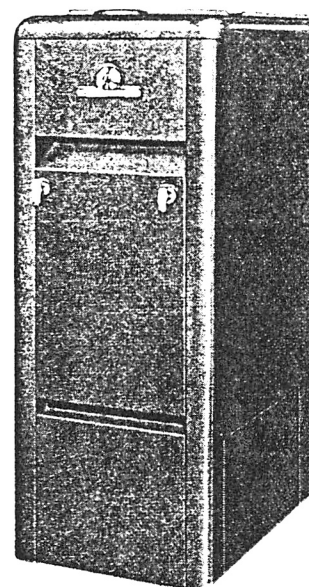
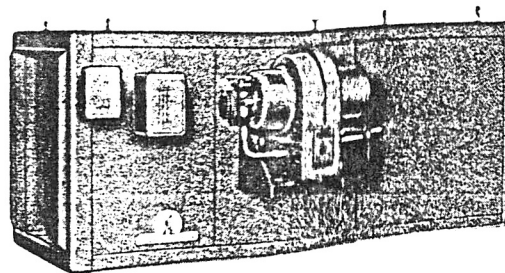
During the past year Iron Fireman and the Kewanee-Ross Corporation blazed a new trail when they jointly announced a new boiler-burner unit for commercial and industrial applications, consisting of a Kewanee boiler and a matching Iron Fireman gas-oil burner. This was previewed in our previous annual report.

This combined product assures the purchaser a well balanced, thoroughly engineered steam plant backed by two of the best known names in their fields. Much of the costly on-the-job engineering, steam fitting and intricate electrical wiring are eliminated by factory assembly of all of the essential elements. No brick work is required for the Scotch Marine type boiler, and fitting the whole burner assembly (control panel, forced draft, oil heaters) to the boiler is a short and simple operation.

The announcement of this unit a few months ago created exceptionally wide interest and inspired many articles in heating, power, and business publications. A single advertisement inserted in the advertising schedules of both Iron Fireman and Kewanee has brought hundreds of inquiries from heating contractors, consulting engineers, and architects. Although production is not yet in full stride, a number of units are already operating.

The Iron Fireman "package" burner developed for this job probably has even wider application for conversion of coal-fired boilers to gas or oil, or combined gas-oil firing. The unit is not limited to Scotch Marine boilers, but is readily adaptable to other types. A complete, self-contained "package," containing burner, control instruments, forced draft and oil heating systems, is something new in the conversion field.

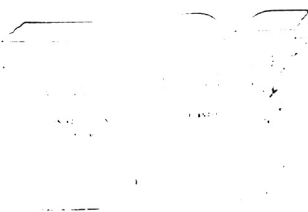




Iron Fireman furnace and boiler units for gas and oil are designed for a variety of applications, in both new homes and old. Several space saving models are particularly adapted to modern houses without basements. Conversion units in a complete size range are available for gas, oil and coal.

CENTRAL COOLING UNIT

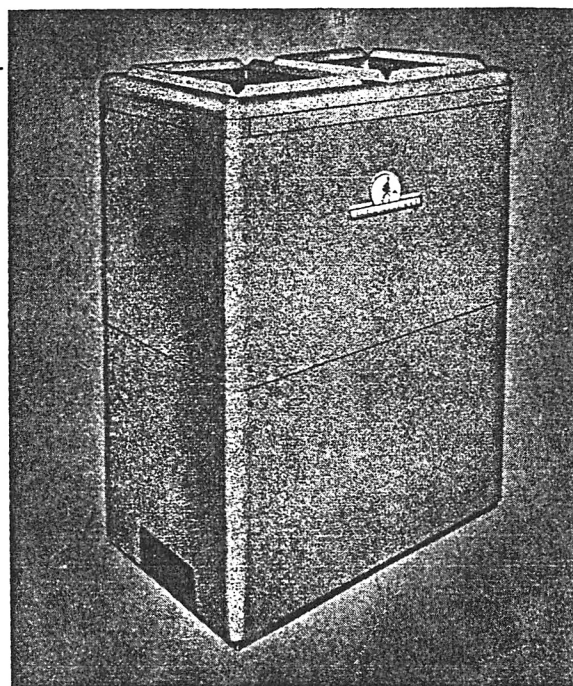
The Iron Fireman cooling unit is designed for use with warm air, steam or hot water heating systems, providing the finest type of year-round air conditioning for homes. In many parts of the United States new homes that do not provide summer cooling in conjunction with the heating system are no longer considered adequate.



Residential Heating Equipment

Since the end of the war our annual reports have repeatedly mentioned the growing preference for gas and oil as automatic fuels. Coal has steadily lost favor among buyers of residential heating equipment. This trend continues. It should be stated, however, that coal remains a very important factor in the commercial and industrial fields where it often has a price advantage.

These shifting market factors require a constant study of our products in order to keep them in line with the types and sizes of heating equipment that modern home owners and builders require.



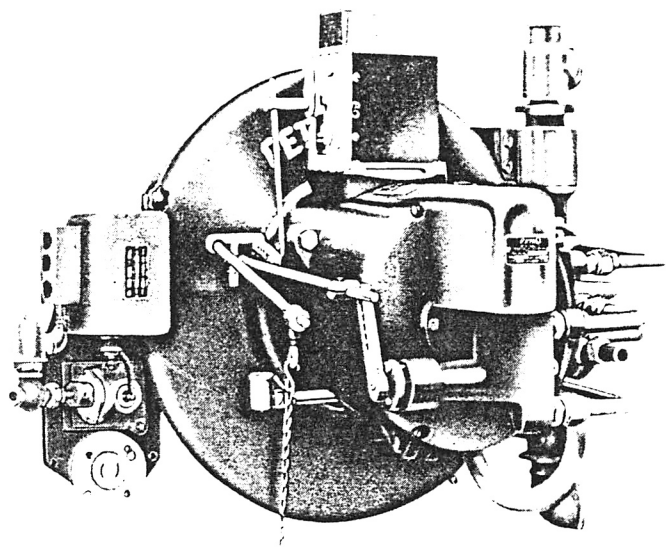
During the past year Iron Fireman has moved into a new, large volume field with smaller sized furnaces and boilers for both gas and oil. At the same time, some unprofitable models have been discontinued. This not only rounds out our line, but also has the advantage of simplifying our manufacturing.

Better Size Range—Easier to Make

With models suitable for the tremendous smaller home market, Iron Fireman has a well balanced line (from small to large) for furnaces and boilers, with exactly parallel models in gas and oil.

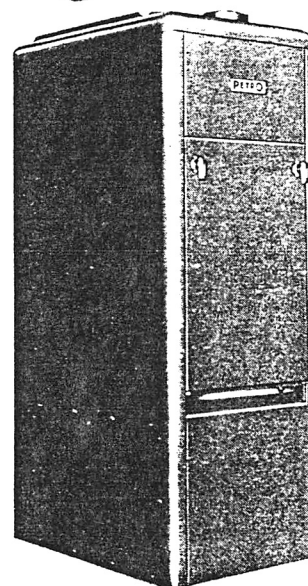
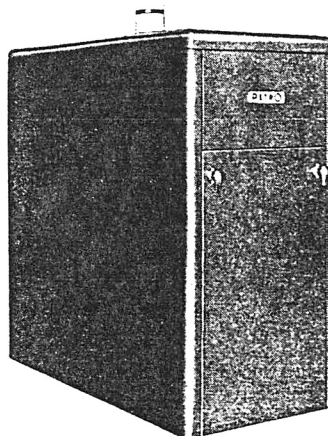
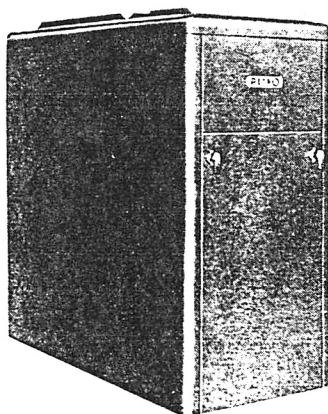
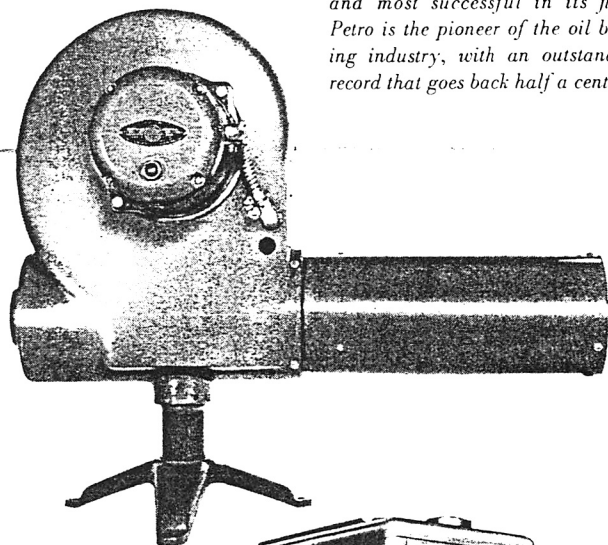
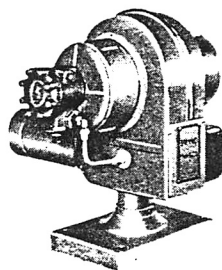
The manufacturing advantage is that our factory now concentrates on one type of furnace body which has proved itself most efficient through many years of actual use. This one type (in four sizes) now covers the entire furnace line for both Iron Fireman and Petro, and for both gas and oil.

Iron Fireman engineers have concentrated on a radiant type of fire in all of our burners, regardless of fuel. This is the reason why the same furnace design is equally efficient with gas or oil. In fact, the gas and oil furnaces are identical except for the firing unit and draft diverter, and in both fuels this Iron Fireman furnace has established itself as a very efficient fuel saver.

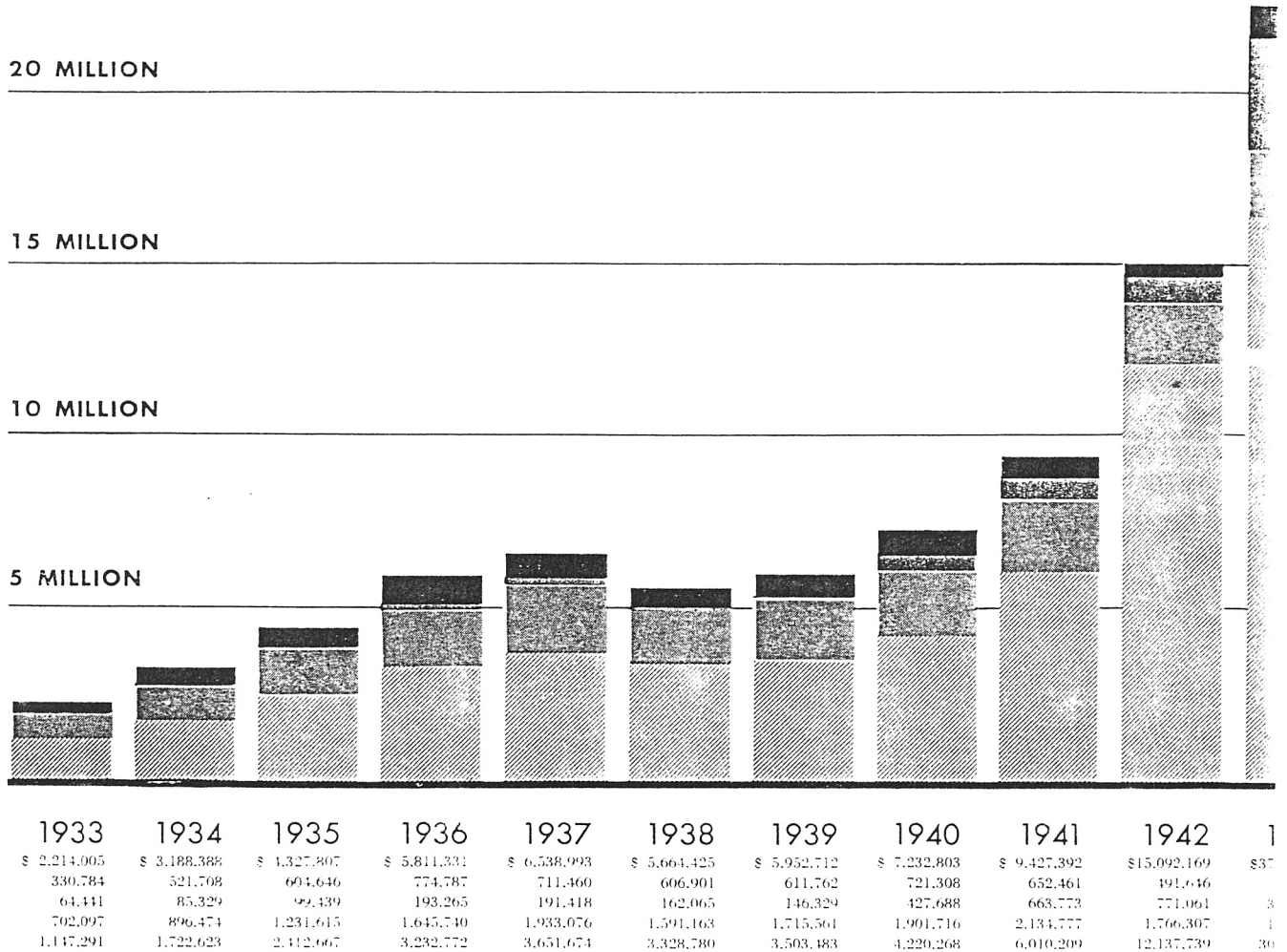


The Petro heavy oil burner (for No. 5 and 6 oils) is one of the best known and most successful in its field. Petro is the pioneer of the oil burning industry, with an outstanding record that goes back half a century.

The Petro line has been gradually extended to comprise a well planned group of heating and firing equipment covering residential, commercial and industrial fields. A Petro cooling unit will soon be introduced.



RECORD OF THE LA

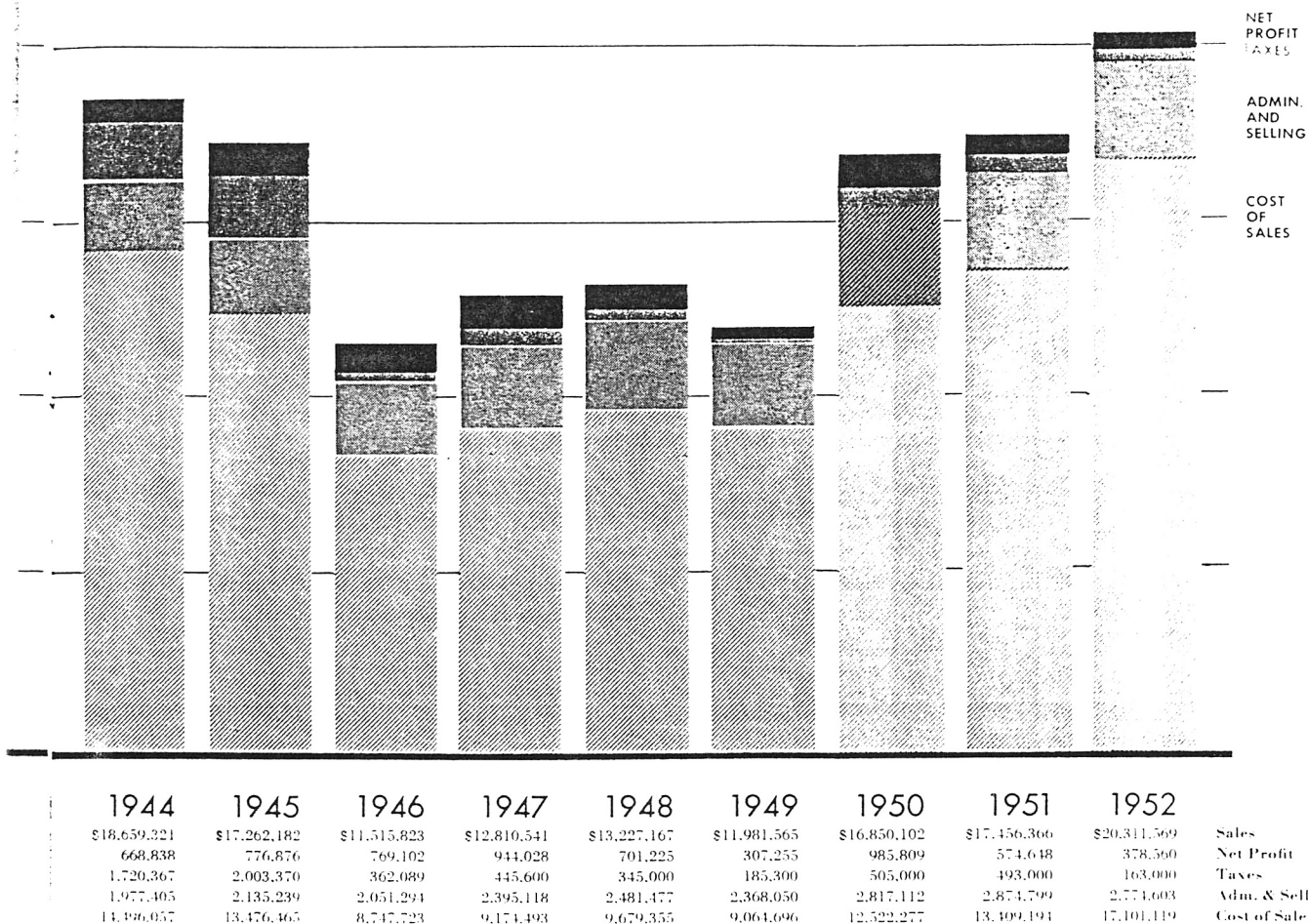


DIVIDEND RECORD SINCE INCORPORATION OF 1

YEAR	DIVIDEND	YEAR	DIVIDEND	YEAR	DIVIDEND
1929.....	\$1.00	1935.....	1.00	1941.....	1.20
1930.....	1.50	1936.....	2.00	1942.....	1.20
1931.....	1.35	1937.....	1.50	1943.....	1.20
1932.....	.30	1938.....	1.20	1944.....	1.20
1933.....		1939.....	1.20	1945.....	1.20
1934.....	.80*	1940.....	1.45	1946.....	1.20

*Plus stock dividend

TWENTY YEARS



COMPANY

YEAR	DIVIDEND
1947	1.20
1948	1.20
1949	1.20
1950	1.20
1951	1.15
1952	.70

A Constant Earning Record Since the Founding of the Company

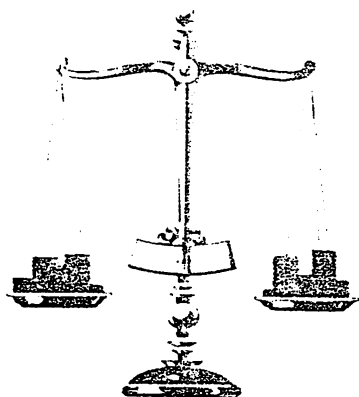
The steady growth of the Iron Fireman Manufacturing Company since its beginning has been accompanied by an unbroken record of corporate earnings. Since 1929, dividends have been paid every year except 1933, and in 1934 a 50% stock dividend was paid in addition to cash dividends. Since 1933 the company has paid 76 consecutive quarterly dividends and three special dividends.

CONSOLIDATED BALANCE

IRON FIREMAN MANUFACTURING COMPANY

ASSETS

	December 31, 1952	1951
CURRENT ASSETS:		
Cash.....	\$ 1,605,335.75	\$ 1,658,659.09
Accounts receivable—		
Trade.....	1,952,719.23	986,296.11
Contracts receivable on equipment installations.....	802,944.59	823,064.12
Allowance for doubtful accounts.....	(87,331.71)	(96,089.73)
Inventories of raw materials, work in process and finished products, at average cost or market, whichever lower.....	5,230,426.93	6,424,951.33
Prepaid insurance and expenses.....	165,195.57	191,023.90
Total current assets.....	\$ 9,669,290.36	\$ 9,987,904.82
CAPITAL ASSETS, at cost:		
Buildings, machinery and equipment.....	\$ 3,446,930.28	\$ 3,181,891.80
Less—Depreciation.....	1,316,753.82	1,260,044.09
	\$ 2,130,176.46	\$ 1,921,847.71
Plant sites.....	240,234.87	246,024.82
	\$ 2,370,411.33	\$ 2,167,872.53
PATENTS, TRADEMARKS AND COPYRIGHTS.....	1.00	1.00
	<u>\$12,039,702.69</u>	<u>\$12,155,778.35</u>
(See notes to financial statements)		



SHEET

AND SUBSIDIARY COMPANIES

LIABILITIES

	December 31,	
	1952	1951
CURRENT LIABILITIES:		
Notes payable to banks.....	\$ 309,000.00	\$ 796,250.00
Note installments payable within one year.....	200,000.00	100,000.00
Accounts payable—trade.....	1,086,245.15	414,654.07
Accrued payrolls, taxes and expenses.....	606,582.64	538,903.33
U. S. and Canadian taxes on income.....	198,295.85	591,376.12
Total current liabilities.....	\$ 2,400,123.64	\$ 2,441,183.52
NOTES PAYABLE—Unsecured (Note 3).....	2,200,000.00	2,400,000.00
Payable \$100,000 semiannually to 1963		
DEFERRED FINANCE INCOME.....	9,542.12	11,188.95
STOCKHOLDERS' EQUITY:		
Common stock, without par value—		
Authorized—400,000 shares		
Issued—360,000 shares, less 90 shares in treasury		
Stated value \$5 per share.....	\$ 1,799,550.00	\$ 1,799,550.00
Excess of amount received over stated value.....	595,650.00	595,650.00
Profits retained in the business (Note 3).....	5,034,836.93	4,908,205.88
	<u>\$ 7,430,036.93</u>	<u>\$ 7,303,405.88</u>
	<u>\$12,039,702.69</u>	<u>\$12,155,778.35</u>

CONSOLIDATED STATEMENT OF RESULTS OF OPERATIONS AND PROFITS RETAINED IN THE BUSINESS

	YEAR ENDING DECEMBER 31, 1952	1951
Net sales.....	\$20,311,569.37	\$17,456,366.74
Deduct :		
Cost of sales.....	\$16,879,105.43	\$13,164,070.77
Depreciation.....	248,087.93	269,008.84
Selling, administrative and general expenses.....	2,748,528.64	2,850,914.21
	<u>\$19,875,722.00</u>	<u>\$16,283,993.82</u>
	\$ 435,847.37	\$ 1,172,372.92
Gain of sales of capital assets.....	112,711.36	
Other income.....	34,463.55	41,033.81
Reserve for income taxes no longer required.....	110,000.00	
Interest and debt expense.....	(151,461.93)	(145,758.54)
	<u>\$ 541,560.35</u>	<u>\$ 1,067,648.19</u>
Provision for U. S. and Canadian taxes on income.....	163,000.00	493,000.00
Profit for year.....	\$ 378,560.35	\$ 574,648.19
Profits retained in the business at beginning of year.....	4,908,205.88	4,707,414.54
Reserves for product guarantees and contingencies no longer considered necessary...		40,027.00
	\$ 5,286,766.23	\$ 5,322,089.73
Dividends paid in cash.....	251,929.30	413,883.85
Profits retained in the business at end of year (Note 3).....	\$ 5,034,836.93	\$ 4,908,205.88

AUDITORS REPORT

February 13, 1953

TO THE BOARD OF DIRECTORS OF
IRON FIREMAN MANUFACTURING COMPANY

In our opinion, the accompanying consolidated financial statements present fairly the position of Iron Fireman Manufacturing Company and subsidiaries at December 31, 1952, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of such statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1952

NOTE 1: Net assets of the Canadian subsidiary included in the consolidated balance sheet in U. S. dollars at appropriate rates of exchange amount to \$1,132,042 of which \$768,992 represents net current assets. The profit of this subsidiary amounting to \$70,600 has been included in the consolidated results of operations; a dividend of \$206,750 was received from the subsidiary during the year. The consolidated profits retained in the business include \$1,048,484 of undistributed profits of the Canadian subsidiary.

NOTE 2: Federal tax returns for the years up to and including the year 1949 have been examined and the additional taxes assessed have been paid.

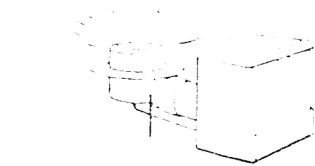
NOTE 3: The loan agreement of July 1, 1951 provides, among other things, that (1) the consolidated net working capital of the Company and its wholly-owned domestic subsidiaries shall be maintained at not less than \$4,000,000 and that (2) dividends paid after December 31, 1950 (except in shares of the Company's capital stock) plus payments on principal of the note shall not exceed consolidated net income of the Company and its wholly-owned domestic subsidiaries since that date plus \$750,000, and provided the consolidated net working capital of the Company and its wholly-owned domestic subsidiaries is or after giving effect to the dividend would be not less than \$5,000,000. At December 31, 1952 the amount of \$933,807 of profits retained in the business is free from dividend restrictions under the loan agreement.

NOTE 4: The Company is subject to renegotiation on a portion of its sales. The year 1951 has been settled without refund, and no refund is expected for the year 1952.

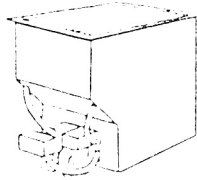
NOTE 5: The Companies were contingently liable at December 31, 1952 in respect of the following:

Under contracts receivable sold to banks and finance companies.....	\$170,787
Drafts discounted.....	154,504
	<u>\$325,291</u>

IRON FIREMAN EQUIPMENT



OIL, GAS and COAL CONVERSION BURNERS



FURNACES and BOILERS



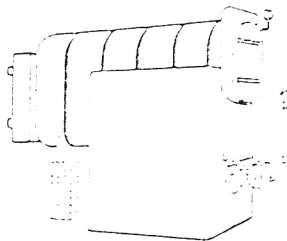
FLOOR and WALL FURNACES



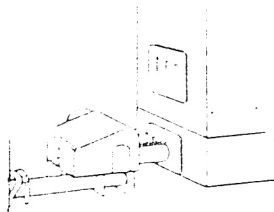
HORIZONTAL FURNACE



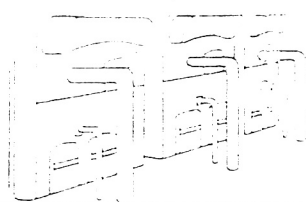
INDUSTRIAL GAS BURNER



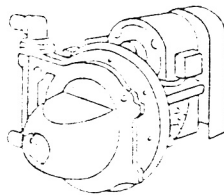
OIL • GAS • COAL COMBINATION



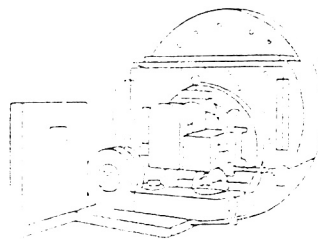
UNDERFEED STOKER



PNEUMATIC SPREADER STOKER



ROTARY OIL BURNER



GAS-OIL BOILER BURNER PACKAGE UNIT

PETRO EQUIPMENT



OIL CONVERSION BURNER



COMMERCIAL OIL BURNER



ROTARY OIL BURNER



FURNACES



HORIZONTAL FURNACE



BOILERS



GAS-OIL BOILER BURNER PACKAGE UNIT

Both Iron Fireman and Petro will add CENTRAL COOLING UNITS in 1953

THE FARM BUREAU INSURANCE COMPANY

OFFICERS

Chairman of the Board and Chief Executive Officer: *William J. O'Neil*

Vice-President and Treasurer: *Frank S. Hecox*

Vice-President—Sales: *C. T. Burg*

Vice-President—Engineering and Production: *E. C. Webb*

Vice-President—Public and Employee Relations: *Lewis J. Cox*

Secretary and Controller: *C. C. Craft*

Assistant Secretary: *David L. Davies*

Assistant Secretary: *Frederick H. Torp*

DIRECTORS

T. Henry Boyd

E. C. Sammons

Frank S. Hecox

Roy L. Shurtleff

William J. O'Neil

David L. Davies

VOTING TRUSTEES

T. Henry Boyd

Roy L. Shurtleff

Frank S. Hecox

David L. Davies

E. C. Sammons

COUNSEL

Hart, Spencer, McCulloch, Rockwood & Davies

TRANSFER AGENTS AND REGISTRARS FOR STOCK

The Bank of California, N. A., San Francisco

Wells Fargo Bank and Union Trust Company, San Francisco

Continental Illinois National Bank & Trust Company, Chicago

First National Bank, Chicago

PLANTS AND OFFICES

General Offices: 3170 West 106th Street, Cleveland 11, Ohio.

Manufacturing Units:

4784 S.E. 17th Avenue, Portland, Oregon

2838 S.E. 9th Avenue, Portland, Oregon

3170 West 106th Street, Cleveland, Ohio
80 Ward Street, Toronto, Canada

Retail Offices:

4629 S.E. 17th Avenue, Portland, Oregon

1101 W. Adams Street, Chicago, Illinois

3114 Washington Ave., St. Louis, Missouri

4507 W. Wisconsin Ave., Milwaukee, Wis.
356 Fourth Ave., Brooklyn, N. Y.
80 Ward St., Toronto, Canada

Regional Sales Offices:

Chanin Bldg., New York, N. Y.

Farm Bureau Insurance Bldg., Indianapolis, Indiana

Haas-Howell Bldg., Atlanta, Georgia
Plymouth Bldg., Minneapolis, Minnesota
2632 Plymouth Street, Seattle, Washington

